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Impairment of financial assets—

At the end of each period under report, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired in value. A financial asset or group of financial assets is considered impaired in value only if there is objective evidence that there was a loss in value as a result of one or more events that occurred after the initial recognition of the asset (the "event that causes loss"), and the event that caused the loss has an impact on the estimated future cash flows generated by the financial asset or group of financial assets, and that impact can be reasonably estimated.

Evidence of impairment may include, among others, evidence that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in payments of debt principal or interest.

Financial assets carried at amortized cost—

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists, individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment for a financial asset evaluated individually, regardless of its importance, it includes the asset in a group of financial assets with credit risk characteristics similar, and evaluates them collectively to determine whether impairment exists. Assets that are individually assessed to determine whether impairment exists, and for which an impairment loss is recognized or is still recognized, are not included in the evaluation of impairment collectively.

If there is objective evidence that there has been an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been produced). The present value of estimated future cash flows discounted at the original effective interest rate of financial assets. If the loan bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

(ii) Financial liabilities—

Initial recognition and measurement—

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value (in the case of loans and payables carried at amortized cost) plus transaction costs directly attributable.

The Company's financial liabilities include accounts payable, accounts payable to related parties, other accounts payable and financial obligations.

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